



Do you have your NPI? National Provider Identifiers (NPIs) will be required on claims sent on or after May 23, 2007. Every health care provider needs to get an NPI. Learn more about the NPI and how to apply for an NPI by visiting <http://www.cms.hhs.gov/NationalProvIdentStand/> on the CMS web site.

MLN Matters Number: MM5424

Related Change Request (CR) #: 5424

Related CR Release Date: January 12, 2007

Effective Date: April 1, 2007

Related CR Transmittal #: R2600TN

Implementation Date: April 2, 2007

## Enhance the Multi-Carrier System (MCS) to Avoid Duplicate Payments When a Full Claim Adjustment is Performed.

### Provider Types Affected

Physicians and other providers who bill Medicare carriers or Part A/B Medicare Administrative contractors (A/B MACS) for services.

### Provider Action Needed

In CR5424, from which this article was taken, CMS announces the enhancement of the Multi-Carrier System (MCS). MCS is the system that Medicare carriers and A/B MACS use to process Part B claims for physician care and other outpatient services to avoid duplicate payments when performing a full claim adjustment. CR5424 rescinds and fully replaces CR 3878. This article is mainly for informational purposes.

### Background

In the MCS system, when a claim is adjusted because of an overpayment, an accounts receivable (A/R) is created and a demand letter sent by the carrier or A/B MAC to the provider. When a claim is adjusted because of an underpayment, payment is automatically sent to the provider.

If the claim adjustment (that created the overpayment) later turns out to be incorrect, the carrier or A/B MAC must adjust the claim again. This could happen for many reasons. The two most common are: problems with the original overpayment identification and an appeal decision favorable to the provider. When the claim adjustment occurs a second time (to allow for correct history) the

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MCS system will automatically issue payment to the provider. In many cases, this second payment is duplicative. This then requires an offset from the provider to collect the duplicate payment.

The MCS System Maintainer has designed full claim adjustment to act as a full claim void and replace in accordance with the collective understanding of the requirements for HIPAA. This design was developed using a process that if an adjustment creates an overpayment, an accounts receivable is created and a subsequent adjustment assumes that the accounts receivable has either been recouped or will be recouped.

**Example:**

- A claim is processed and \$100 is paid to the Provider.
- It is determined that there is an overpayment of \$100.
- The claim is adjusted to show the denial (-\$100) and an A/R for \$100 is created.
- The claim payment total from the 1<sup>st</sup> adjustment is \$0 = \$100 - \$100.
- The Accounts Receivable has not yet been collected and the Provider appeals.
- The appeal decision is in the Provider's favor.
- A second adjustment is performed to show the claim as paid. (+ \$100)
- The 2<sup>nd</sup> adjustment calculates its payment based on the previous adjustment.
- Since the previous adjustment reads \$0.00 (because the claim was denied) the 2<sup>nd</sup> adjustment calculated a payment of \$100 to the Provider.
- The claim payment total from the 2<sup>nd</sup> adjustment is \$100 = \$0 + \$100
- A \$100 check is issued because MCS cannot suppress the check.
- Since the A/R was never collected, the Provider has been paid twice.

Medicare carriers and A/B MACs have, to date, used a manual system to avoid duplicate payments. But now, the MCS system will have the ability to suppress duplicate payments when a full claim adjustment is performed on a previous overpayment adjustment.

## Additional Information

You can find the official instruction, CR5424, issued to your carrier or A/B MAC by visiting <http://www.cms.hhs.gov/Transmittals/downloads/R260TN.pdf> on the CMS website.

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If you have any questions, please contact your carrier at their toll-free number, which may be found at <http://www.cms.hhs.gov/MLNProducts/downloads/CallCenterTollNumDirectory.zip>

#### Flu Shot Reminder

It's Not Too Late to Get the Flu Shot. We are in the midst of flu season and a flu vaccine is still the best way to prevent infection and the complications associated with the flu. But re-vaccination is necessary each year because the flu viruses change each year. Encourage your Medicare patients who haven't already done so to get their annual flu shot and don't forget to immunize yourself and your staff. **Protect yourself, your patients, and your family and friends. Get Your Flu Shot. It's Not Too Late!** Remember - Influenza vaccination is a covered Part B benefit. Note that influenza vaccine is NOT a Part D covered drug. For more information about Medicare's coverage of adult immunizations and educational resources, go to CMS's website: <http://www.cms.hhs.gov/MLNMattersArticles/downloads/SE0667.pdf>.

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